

The complaint

Mr I has complained that Monzo Bank Ltd won't refund the money he lost after falling victim to a scam.

What happened

In spring 2023, Mr I fell victim to a task scam after responding to a job advert on social media. Over the course of about a week, he was persuaded to pay over £23,000 to the scammers through a cryptocurrency platform, on the promise that he would earn commission doing tasks and be able to later withdraw his money. But the scammers ended up taking his money.

Mr I complained to Monzo in June 2023. He came to our service in October 2023 and we asked Monzo for its file. After receiving no response from Monzo, our investigator looked into things based on what we had, and upheld the complaint in December 2023. They recommended that Monzo refund 50% of the losses from Mr I's second payment onwards.

Monzo didn't respond to that either, so the complaint's been passed to me to decide.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

There's no dispute that Mr I authorised the payments, even if he didn't intend for the money to go to scammers. So, under the Payment Services Regulations and the terms of his account, Mr I is liable for the loss in the first instance. But the matter doesn't end there.

Taking into account the law, regulator's rules and guidance, relevant codes of practice, and what I consider to have been good industry practice at the time, I consider that Monzo should have fairly and reasonably:

- Monitored accounts and payments to counter risks such as fraud and scams;
- Had systems in place to look out for particularly unusual transactions or other signs its customers were at risk of fraud;
- In some circumstances, taken further steps or made further checks before a payment went out, or even blocked it, to help protect customers – irrespective of the type of payment involved.

I've reviewed Mr I's account activity in the months leading up to the scam, and I think his second payment – of £4,501 – stands out as being remarkable. It was a large payment – much larger than any of Mr I's previous payments – which drained the account of the bulk of its balance. The recipient was a crypto site; and by 2023, the Financial Conduct Authority (FCA) and Action Fraud had published warnings about cryptocurrency scams, so Monzo should've had a good understanding of the risk of these scams and how they work. That all should have been of enough concern to Monzo to prompt them to intervene.

It's not certain whether Monzo did intervene here or not. Because Monzo didn't respond to our requests for information, I don't have its side of things. But according to Mr I's evidence, Monzo did not intervene. So in the absence of anything to the contrary, I find that that's most likely the case.

I think Monzo ought reasonably to have made person-to-person enquiries with Mr I about the second payment (£4,501) before it processed it. Had Monzo intervened and asked reasonable questions, I think it would have most likely come to light that Mr I was being scammed. Reasonable questioning would've most likely revealed that he was paying the money as part of tasks in a new job, he'd found the job through social media, he'd been contacted through a group on a messaging app, he had no contract or other proper documentation, he'd been asked to put up his own funds for the job, and this was being done through cryptocurrency. The matter bore many hallmarks of a prominent scam, so I'm satisfied Monzo ought to have identified this was most likely a scam and warned Mr I or stopped payments altogether.

I've found no good reason to think Mr I would not have been honest about why he was sending this money – at the point of the second payment, he thought he was carrying out a legitimate job, and I can't see that the scammers told him to lie if questioned. And I've seen no reason why Mr I would not have listened to Monzo – it is a well-known name in banking.

I've also thought carefully about Mr I's role in what happened. I'm afraid I think Mr I ought to have had some concerns along the way about what he was being asked to do. So I think he should bear some responsibility for his losses. I say this because a basic search for the scammers' company shows that scam warnings and negative reviews started before Mr I's payments, the job was advertised through social media, he never met his employers, he was given no contract or proper documentation, and I can't see that Mr I had a reasonable basis on which to believe the matter was legitimate.

So I don't think I can fairly hold Monzo solely responsible for Mr I's losses from the second payment onwards. I think Mr I should also bear 50% of the responsibility for those losses.

Lastly, I've considered whether Monzo should have done more to try to recover Mr I's money. But as the payments went to his own crypto accounts at first, there wasn't really anything more that Monzo could reasonably do there. Further, from what I can see, Mr I only told Monzo about the scam a month after his last payment. And it's a common tactic for scammers to move on the money as quickly as possible, before the victim realises what happened. So there were unlikely to be any of his funds remaining in any case.

Putting things right

Monzo Bank Ltd should:

- Refund 50% of the scam payments from the second payment (£4,501) onwards, less any relevant refunds, credits, or amounts already recovered.
- Add simple interest onto the refunded amounts at the rate of 8% simple per year, payable from the date each amount debited until the date it's returned.

If Monzo considers that it's required by HM Revenue & Customs (HMRC) to deduct tax from that simple interest, it should tell Mr I how much tax it's taken off. It should also give Mr I a tax deduction certificate if he asks for one. Mr I may be able to reclaim the tax from HMRC if he doesn't normally pay tax.

My final decision

For the reasons I've explained, I uphold Mr I's complaint, and direct Monzo Bank Ltd to put things right by doing what I've said above.

If Mr I accepts the final decision, Monzo Bank Ltd must pay him within 28 days of the date our service notifies it of the acceptance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 20 February 2024.

Adam Charles
Ombudsman